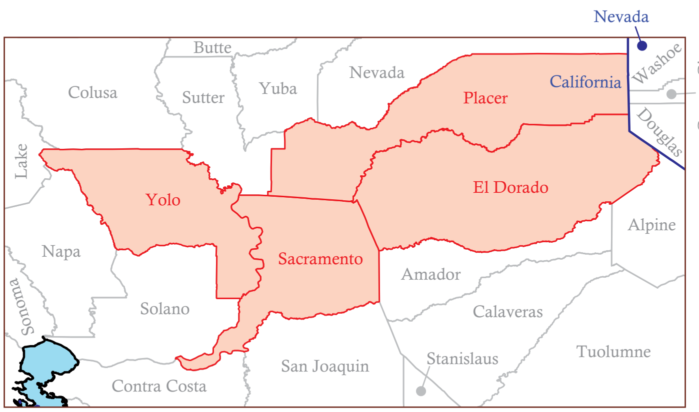
COMPREHENSIVE HOUSING MARKET ANALYSIS

Sacramento--Roseville--Arden-Arcade, California

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of November 1, 2017



Housing Market Area

The Sacramento--Roseville--Arden-Arcade Housing Market Area (hereafter, Sacramento HMA), coterminous with the Sacramento--Roseville--Arden-Arcade, CA Metropolitan Statistical Area (MSA), encompasses the region from the California Central Valley to the Nevada border. For purposes of this analysis, the HMA is divided into three submarkets: (1) the Sacramento County submarket, which is home to the California state capital; (2) the Yolo County submarket, which includes the University of California, Davis (UC Davis); and (3) the Eastern submarket, which comprises El Dorado and Placer Counties and part of Lake Tahoe.

Summary

Economy

Economic conditions in the Sacramento HMA have continued to strengthen since beginning in 2012. Nonfarm payrolls increased by 17,800 jobs, or 1.9 percent, to 963,100 jobs during the 12 months ending October 2017. Recent notable job growth occurred in the education and health services, the professional and business services, and the leisure and hospitality sectors. Nonfarm payrolls are expected to expand an average of 2.3 percent during the 3-year forecast period, led by growth in industries related to business services, healthcare, retail trade, and construction.

Sales Market

The sales housing market in the HMA is slightly tight, with an estimated vacancy rate of 1.3 percent, down from 2.4 percent in April 2010. During the next 3 years, demand is estimated for 19,125 new homes, with 57 percent of the demand expected in the Sacramento County submarket (Table 1). The 3,425 homes under construction and a portion of the 44,800 other vacant units that may reenter the market will satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA are tight, with an estimated overall vacancy rate of 4.7 percent, down from 8.0 percent in April 2010. During the next 3 years, demand is expected for 10,375 new rental units (Table 1). The 1,975 units currently under construction will satisfy a portion of the demand.

Market Details

Table 1. Housing Demand in the Sacramento HMA* During the Forecast Period

	Sacramento HMA*		Sacramento County Submarket		Yolo County submarket		Eastern submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	19,125	10,375	10,900	6,800	1,700	2,350	6,525	1,225
Under construction	3,425	1,975	1,450	1,175	200	200	1,775	600

** Sacramento--Roseville--Arden-Arcade HMA.*

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2017. A portion of the estimated 44,800 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is November 1, 2017, to November 1, 2020.

Source: Estimates by analyst

Economic Conditions

The Sacramento HMA is an employment center in the Central Valley for state government, education, and healthcare. Continuing a trend of strong job gains that began in 2012, economic conditions in the HMA strengthened, and nonfarm payrolls increased by 17,800 jobs, or 1.9 percent, to 963,100 jobs during the 12 months ending October 2017 (Table 2). By comparison, during the same period, nonfarm job growth averaged 1.8 percent in California and 1.5 percent nationally. The education and health services, the professional and business services, and the leisure and hospitality sectors added the most jobs during the 12 months ending October 2017, expanding by 6,500, 4,600, and 4,500 jobs, or 4.5, 3.6, and 4.5 percent, respectively. A smaller number of job losses occurred in several sectors during the recent period, with the fastest decline in the information sector, which lost 500 jobs, or 3.6 percent. The decline in the information sector is, in part, because of continual restructuring efforts that began in the mid-2000s at Hewlett Packard Enterprise Company. Although the number of layoffs at the Roseville location in the Eastern submarket was not disclosed, the company planned to cut 27,000 jobs worldwide by the end of their fiscal year 2014, with layoffs continuing at the Hewlett Packard Roseville location. In 2016, another 115 jobs were cut, and by mid-2017, the company sold its Roseville campus to a San Francisco-based investment company. Overall, job growth in the HMA contributed to a decline in the average

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Sacramento HMA,* by Sector

	12 Months Ending		Absolute Change	Percent Change
	October 2016	October 2017		
Total nonfarm payroll jobs	945,300	963,100	17,800	1.9
Goods-producing sectors	91,100	89,400	– 1,700	– 1.9
Mining, logging, & construction	54,800	54,000	– 800	– 1.5
Manufacturing	36,400	35,300	– 1,100	– 3.0
Service-providing sectors	854,200	873,700	19,500	2.3
Wholesale & retail trade	125,700	127,300	1,600	1.3
Transportation & utilities	25,700	26,600	900	3.5
Information	13,900	13,400	– 500	– 3.6
Financial activities	51,700	53,300	1,600	3.1
Professional & business services	127,000	131,600	4,600	3.6
Education & health services	144,800	151,300	6,500	4.5
Leisure & hospitality	99,100	103,600	4,500	4.5
Other services	31,400	30,400	– 1,000	– 3.2
Government	234,900	236,400	1,500	0.6

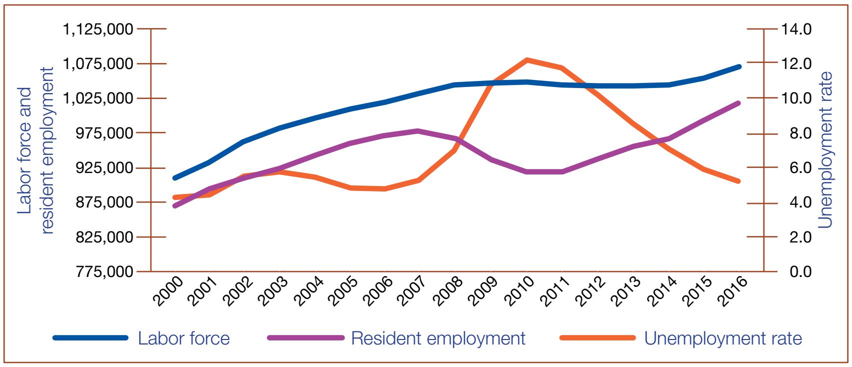
** Sacramento--Roseville--Arden-Arcade HMA.*

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through October 2016 and October 2017.

Source: U.S. Bureau of Labor Statistics unemployment rate to 4.8 percent during the 12 months ending October 2017, down from 5.3 percent during the previous 12 months and well below the high of 12.4 percent recorded in 2010. The current unemployment rate is below the 5.0-percent average rate for California but continues to be above the 4.5-percent average rate for the nation. Figure 1 shows trends in the labor force, resident employment, and the average unemployment rate in the HMA from 2000 through 2016.

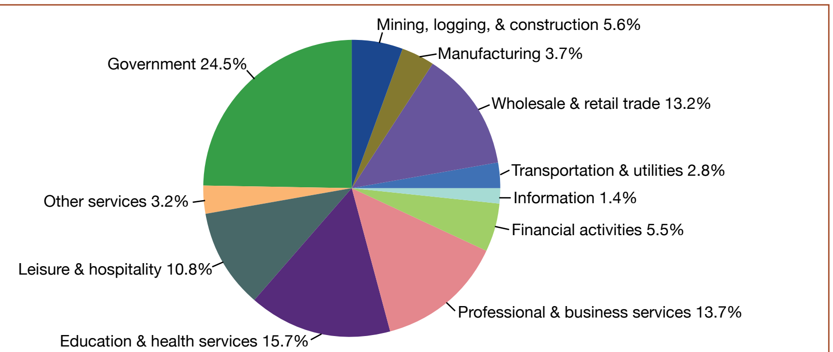
The economy of the HMA depends heavily on the government sector, because the HMA is home to the state capital and two major public universities. During the 12 months ending October 2017, state and local governments together provided approximately 222,100 jobs and accounted for 94 percent of jobs in the government sector and 23 percent of total nonfarm jobs in the HMA. Figure 2 shows the percentage of nonfarm payroll jobs in each sector in the HMA during the past 12 months. The largest employer in the HMA is the state of California, which employs 77,800 people (Table 3). The second largest employer in the HMA is UC Davis, which employs approximately 20,100 faculty and staff. The university enrolled 36,400 students during the fall 2016 term and, as of March 2016, supported 72,000 jobs and $8.1 billion in economic output in California annually, including 65,000 jobs and $6.8 billion in economic output in the HMA (UC Davis). California State University, Sacramento (CSU Sacramento) is the second major university in the HMA and employs approximately 3,125 faculty and staff and enrolled 30,500 students during the fall 2016 term. As the seventh largest school in the 23-campus CSU system, the university generates an estimated $1 billion economic impact in California annually, including $816 million in the greater Sacramento region (CSU Sacramento).

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Sacramento HMA,* 2000 Through 2016



* Sacramento--Roseville--Arden-Arcade HMA.
Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Sacramento HMA,* by Sector



* Sacramento--Roseville--Arden-Arcade HMA.
Note: Based on 12-month averages through October 2017.
Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Sacramento HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of California	Government	77,800
University of California, Davis and UC Davis Health	Government	20,100
Kaiser Permanente®	Education & health services	16,100
Sutter Health	Education & health services	15,200
U.S. Government	Government	13,400
Sacramento County	Government	12,500
Dignity Health	Education & health services	7,850
Intel Corporation	Manufacturing	6,000
Raley’s	Wholesale & retail trade	4,800
California State University, Sacramento	Government	3,125

* Sacramento--Roseville--Arden-Arcade HMA.
Notes: Excludes local school districts. Data include military personnel, who are generally not included in nonfarm payroll survey data.
Sources: Counties of Sacramento, Yolo, El Dorado, and Placer; Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2016

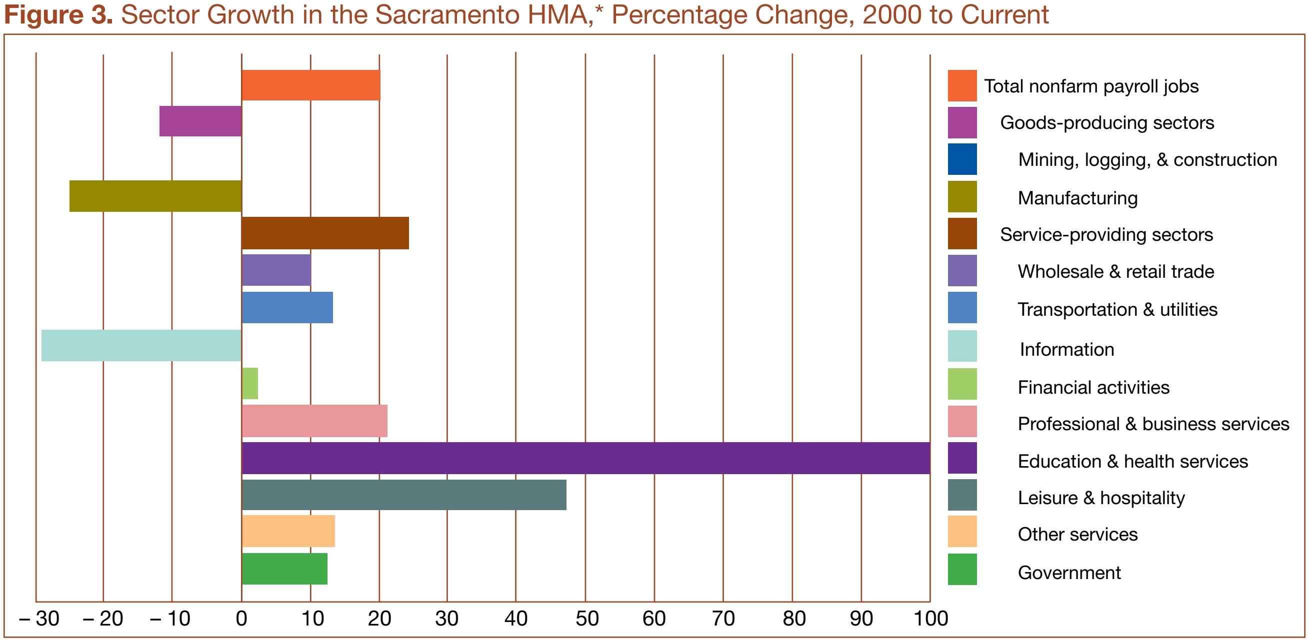
The education and health services sector has been increasingly important to the local economy and has been the fastest growing sector since 2000, doubling the number of sector jobs in the 17-year period. During the 12 months ending October 2017, 6,500 sector jobs were added, a 4.5-percent increase. The economic impact of the Affordable Care Act was expected to result in the addition of 13,500 new healthcare jobs in the HMA from 2010 to 2020 because of increased spending on healthcare and medical services (Bay Area Council Economic Institute). The HMA is forecast to be the second largest beneficiary of additional healthcare jobs in California, behind southern California. In addition to hospital expansions expected during the 3-year forecast period, Centene Corporation, a health insurance company, recently signed a tentative agreement to establish a regional corporate headquarters in the city of Sacramento, which could bring up to 5,000 new jobs to the HMA, in exchange for $13.5 million in incentives. The company provides health plans for participants in government programs, including Medicare, Medicaid, and state health insurance marketplaces offered under the Affordable Care Act.

Nonfarm payrolls in the HMA increased 15 consecutive years until 2008. From 2001 through 2007, nonfarm payrolls increased by an average of 16,700 jobs, or 2.0 percent, annually. Nonfarm payroll growth during this period was particularly strong in the education and health services, government, and leisure and hospitality sectors, which accounted for a combined 66 percent of job growth during the period. The sectors expanded by averages of 5,600, 3,400, and 2,300 jobs, or 6.1, 1.5, and 2.4 percent, each year, respectively. The mining, logging, and construction sector also contributed to job growth, adding 1,900 jobs, or 3.3 percent, annually during this period when residential construction activity was at its peak, averaging 18,700 total single-family and multifamily units permitted annually. From 2008 through 2011, nonfarm payrolls declined by an average of 23,100 jobs, or 2.6 percent, annually to a low of 828,900 jobs because of the national recession and housing market crisis. Job losses in the mining, logging, and construction sector alone accounted for 32 percent of total job losses during the period, declining by 7,500 jobs, or 13.8 percent, annually while residential construction activity came nearly to a halt. During the same period, total single-family and multifamily permitting activity declined to an average of 4,150 units permitted a year, 78 percent lower than the average annual permitting activity during the 2001-through-2007 period. The effect of soft housing market conditions impacted supporting industries, including the financial activities and the trade sectors, which decreased by an average of 3,700 jobs each, or 6.7 and 3.0 percent, annually, respectively. In the financial activities sector, Wells Fargo & Co. downsized business banking and phone bank operations in the HMA, eliminating approximately 400 jobs in 2010.

Economic conditions began to rebound in 2012. From 2012 through 2016, nonfarm payrolls expanded by an average of 24,100 jobs, or 2.8 percent, annually, faster than the 1.8-percent rate for California and the 1.3-percent rate for the nation. The professional and business services, the education and health services, the leisure and hospitality, and the mining, logging, and construction sectors accounted for 69 percent of job growth, expanding by averages of 4,800, 4,700, 3,600, and 3,500 jobs, or 4.3, 3.6, 4.1, and 8.0 percent, each year respectively. In 2015, nonfarm jobs in the HMA surpassed the prerecessionary peak of 917,000 jobs in 2007 for the first time. Recently, the construction of a 14.9-acre soccer stadium in the city of Sacramento to increase the attractiveness of the city's Major League Soccer bid partly supported strong employment growth in the mining, logging, and construction sector. The site is in downtown Sacramento and would seat more than 19,000 fans by the 2020 soccer season. The redeveloped railyard district where the stadium is located is also expected to include a large Kaiser Permanente® hospital complex, which will replace the outdated and seismically unsafe Morse Avenue medical complex. Figure 3 shows sector growth in the HMA from 2000 to the current date.

During the forecast period, nonfarm payrolls are expected to increase at an average annual rate of 21,800 jobs, or 2.3 percent. Most additions are expected to occur in industries related to healthcare, business services, retail trade, and construction. Continued residential development and the construction of hospital facilities will also support growth in the construction subsector. During the forecast period, Dignity Health is planning a $70 million expansion of the Mercy Hospital of Folsom, which will include a three-story inpatient tower and a new medical office building. Construction is expected to begin in 2018. The number of jobs to be added has not yet been announced. Jobs in industries supporting healthcare are also expected to contribute to economic growth during the forecast period.

Figure 3. Sector Growth in the Sacramento HMA,* Percentage Change, 2000 to Current



** Sacramento--Roseville--Arden-Arcade HMA.*

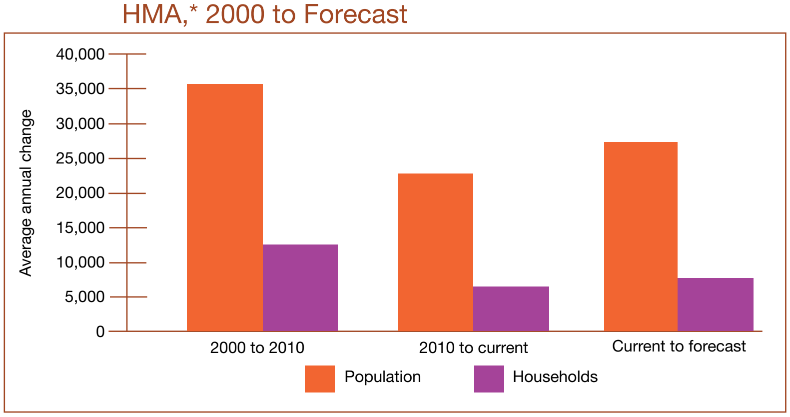
Notes: Current is based on 12-month averages through October 2017. During this period, payrolls in the mining, logging, and construction sector showed no net change.

Source: U.S. Bureau of Labor Statistics

Population and Households

As of November 1, 2017, the estimated population of the Sacramento HMA was more than 2.3 million, reflecting an average annual increase of 22,650, or 1.0 percent, since April 2010. As a result of the national recession, population growth averaged only 20,350, or 1.0 percent, annually from 2007 to 2012, down from an average annual increase of 40,400, or 2.1 percent, from 2000 to 2007. Growth from 2000 to 2007 was strong because of significant net in-migration from residents originating from higher cost housing in the San Francisco Bay Area. Net in-migration averaged 25,900 people a year during the period, accounting for 64 percent of total population growth. Weak economic and sales housing market conditions from 2007 to 2012 slowed net in-migration to an average of only 6,750 people a year, or 33 percent of total population growth. Recent job growth and declining housing affordability in the San Francisco Bay Area again attracted residents to the Sacramento HMA, and net in-migration averaged 12,500 people a year from 2012 to 2016, accounting for 54 percent of total population growth. The average sales price of a home in the Sacramento HMA during the 12 months ending August 2017 of $395,900 was 56 percent lower than the average sales price of $903,900 in the San Francisco-Oakland-Hayward MSA. Population growth, averaging 23,050 people, or 1.0 percent a year from 2012 to 2016, however, is similar to the rate of growth during the recessionary period because of a decline in net natural change (resident births minus resident deaths). Figure 4 shows population and household growth in the HMA, and Figure 5 shows the components of population change from 2000 to the forecast date.

Figure 4. Population and Household Growth in the Sacramento HMA,* 2000 to Forecast

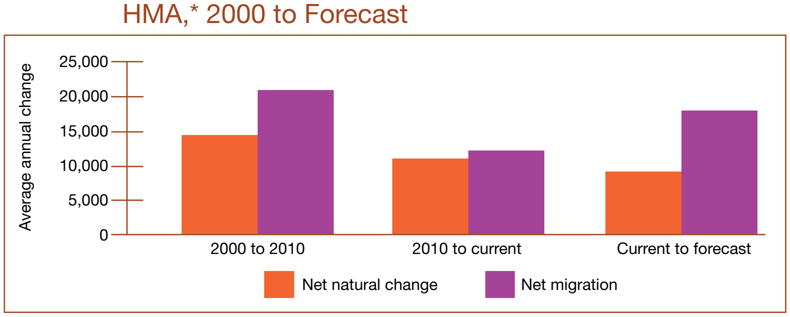


** Sacramento--Roseville--Arden-Arcade HMA.*

Notes: The current date is November 1, 2017. The forecast date is November 1, 2020.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Sacramento HMA,* 2000 to Forecast



** Sacramento--Roseville--Arden-Arcade HMA.*

Notes: The current date is November 1, 2017. The forecast date is November 1, 2020.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

The Sacramento County submarket includes the urban core of the HMA and has the largest population of the three submarkets. The current population of the submarket is estimated at more than 1.5 million and accounts for 65 percent of the total population in the HMA. Population growth in the submarket averaged 15,350 people, or 1.0 percent, a year from 2012 to 2016, up from an average of 11,450 people, or 0.8 percent, a year from 2007 to 2012 when the HMA lost jobs but significantly lower than the average of 22,700 people, or 1.8 percent, a year from 2000 to 2007 during the local housing boom. Net in-migration has increased since 2012 because of economic growth in the HMA, which has been concentrated in the Sacramento County submarket. Net in-migration averaged 6,775 people a year from 2012 to 2016, accounting for 44 percent of total population growth, significantly higher than average net in-migration of 850 people a year from 2007 to 2012. By comparison, net in-migration averaged 11,450 people a year from 2000 to 2007, accounting for one-half of total population growth. With increasing student enrollment at CSU Sacramento, the student population grew in significance in the submarket. From fall 2012 to fall 2016, student enrollment increased by an average of almost 500 students, or 2 percent, annually to 30,500. An estimated 7,100 off-campus student households account for roughly 3 percent of all renter households in the submarket.

As one of the top 20 agricultural-producing counties in California, the Yolo County submarket is the least urbanized submarket in the HMA but includes the city of Davis and the UC Davis campus. The current population of the submarket is estimated at 223,100, accounting for almost 10 percent of the total HMA population. Population growth in the submarket has averaged 2,925 people, or 1.4 percent, annually since April 2010, down from an average of 3,225 people, or 1.8 percent, a year from 2000 to 2010. Net in-migration has averaged 1,750 people a year in the submarket since 2012. By comparison, net in-migration averaged 830 people a year in the submarket from 2010 to 2012 and 2,025 people a year from 2000 to 2009. Students at UC Davis, where student enrollment has risen every year since 2005, make up a significant portion of the HMA population. From 2006 through 2016, student enrollment grew an average of 2 percent annually, or an average of 610 students per year. An estimated 7,600 student households (approximately 19 percent of all renter households) live off campus.

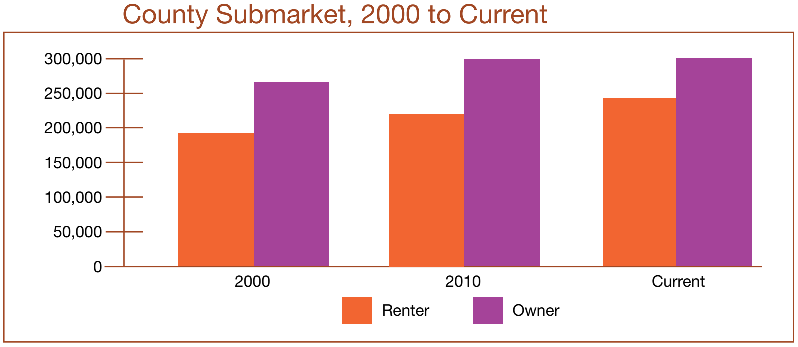
The Eastern submarket, which includes the cities of Auburn, Rocklin, Roseville, and South Lake Tahoe, currently accounts for about 25 percent of the total HMA population. The population of the submarket was estimated at 569,500 as of November 1, 2017, an average increase of 5,275 people, or 1.0 percent, a year since 2010. The submarket was the fastest growing in the HMA from 2000 to 2008 when residential housing construction peaked, adding an average of 13,550 people, or 3.0 percent, per year from 2000 to 2008. During this time, 17 percent of the population growth was concentrated in the cities of Lincoln and Roseville because of large-scale construction of two active-adult communities. Together, the Sun City Roseville and Sun City Lincoln Hills developments have 9,813 single-family homes and 80 villas for residents aged 55 and older. The median ages in both El Dorado and Placer Counties, 46.1 and 41.9, respectively, exceed the median ages in both Sacramento and Yolo counties, 36.0 and 30.9, respectively (2016 American Community Survey [ACS] 1-year data).

During the next 3 years, population growth in the HMA is expected to average 27,000 people, or 1.2 percent, a year. Population growth in both the Sacramento County and Eastern submarkets is expected to be fairly stable, with average annual increases of 16,350 and 6,200 people respectively, or 1.1 percent each, while economic growth continues. In Yolo County submarket, the population is expected to grow at an average of 4,500 people, or 2.0 percent, per year due to continued net in-migration.

As of November 1, 2017, the number of households in the HMA was estimated at 833,400, reflecting average annual growth of 6,025, or 0.7 percent, since 2010. By comparison, household growth averaged 12,250, or 1.7 percent, from 2000 to 2010. The Sacramento County submarket has added the most households since 2010, expanding by an average of 3,250, or 0.6 percent, annually. Household growth was faster in percentage terms, however, in both the Eastern submarket, which averaged 2,075, or 1.0 percent, and in the Yolo County submarket, which added an average of 720 households, or 1.0 percent, per year. By comparison, from 2000 through 2010, household growth averaged 6,025, or 1.3 percent, annually in the Sacramento County submarket, 5,050, or 2.9 percent, annually in the Eastern submarket, and 1,150, or 1.8 percent, annually in the Yolo County submarket.

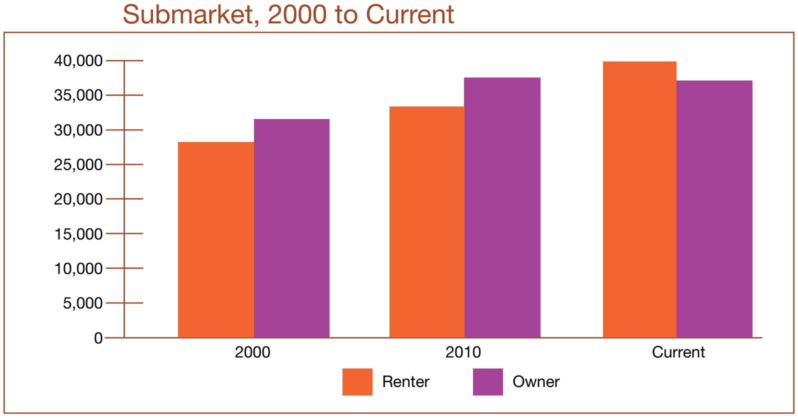
During the 3-year forecast period, the number of households in the HMA is expected to increase by an average of 7,275, or 0.9 percent, annually, faster than the rate since 2010. The number of households in the Sacramento County submarket is expected to increase by an average of 3,725, or 0.7 percent, while household growth in the Yolo County and Eastern submarkets is expected to increase modestly to an average annual rate of 1,125, or 1.4 percent, and 2,375, or 1.1 percent, respectively. Forecast growth in renter households is expected to follow recent trends, with the greatest proportion in the more urbanized Sacramento County submarket and in the Yolo County submarket, where a significant proportion of households are student renters. As of the current date, the homeownership rate is lowest in the Yolo County submarket at 48.3 percent compared with 55.2 percent in the Sacramento County submarket and 70.2 percent in the Eastern submarket. Figures 6, 7, and 8 show the number of households by tenure in each submarket from 2000 to the current date. Table DP-1 at the end of the report shows additional data.

Figure 6. Number of Households by Tenure in the Sacramento County Submarket, 2000 to Current



Note: The current date is November 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 7. Number of Households by Tenure in the Yolo County Submarket, 2000 to Current



Note: The current date is November 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 8. Number of Households by Tenure in the Eastern Submarket, 2000 to Current

Note: The current date is November 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market—Sacramento County Submarket

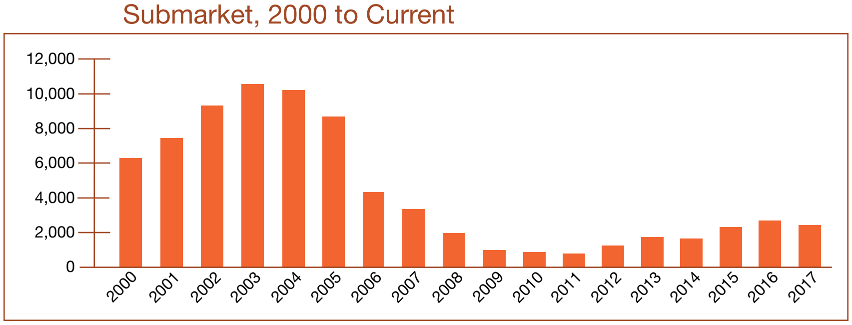
Sales housing market conditions in the Sacramento County submarket are slightly tight, with a current sales vacancy rate of 1.3 percent, down from 2.5 percent in April 2010 (Table DP-2 at the end of the report). Recent job growth bolstered the sales market. Approximately 26,800 new and existing homes (including single-family homes, townhomes, and condominiums) sold during the 12 months ending August 2017, a 4-percent increase from the 25,800 homes sold during the previous 12-month period (CoreLogic, Inc., with adjustments by the analyst). The number of homes sold declined every year from 44,400 in 2004 to 23,300 in 2010, except for a significant increase in 2008 that was because of an almost six-fold surge in the number of real estate owned (REO) purchases. From 2011 through 2012, home sales increased an average of 4 percent annually from a low of 23,300 sales in 2010 partly due to steady average home sales prices, before declining again an average of 7 percent annually from 2013 through 2014, when the average sales price increased 19 percent.

Existing home sales in the submarket increased almost 3 percent to 24,200 homes during the 12 months ending August 2017, while the average sales price of an existing home increased 9 percent to $322,500. Existing home sales began to decline from 2013 through 2014 at an average rate of 8 percent annually, as the average sales price of an existing home increased an average of 20 percent annually, and the number of REO sales declined. During this period, REO sales accounted for 15 percent of total existing sales. By comparison, existing home sales increased an average of 4 percent annually from 2011 through 2012, as the average sales price of an existing home declined 1 percent annually. REO sales accounted for 37 percent of total existing sales during this period, and the average sales price of an REO property by 2012 was

$153,000, 29 percent lower than the average nondistressed existing sales price of $214,700. As of August 2017, 1.1 percent of home loans in the submarket were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status, down from 1.5 percent in August 2016 and down from the peak of 13.4 percent in January 2010. The current rate of seriously delinquent loans in the submarket is the same as the state average of 1.1 percent but less than the national average of 2.2 percent (CoreLogic, Inc.).

The number of new homes sold in the submarket declined each year from 9,925 in 2004 to 930 in 2011, an average annual rate of decline of 29 percent. From 2013 through 2016, strong economic conditions in the submarket helped increase new home sales to an average of 2,300 homes by the end of 2016, or 15 percent, annually. During the 12 months ending August 2017, approximately 2,575 new homes sold, a 375-home, or 17-percent, increase compared with the previous 12 months. During the same period, the average sales price of a new home increased 4 percent to $424,500. The average sales price of a new home peaked in 2005, the height of the local housing boom, at $445,900 and subsequently declined every year to a low of $256,800 in 2011. From 2012 through 2016, the average sales price of a new home increased an average of 10 percent annually.

Figure 9. Single-Family Homes Permitted in the Sacramento County Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2017.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

As a result of improving sales market conditions in the submarket, single-family home construction, as measured by the number of single-family homes permitted, increased in 2012 and 2013, after reaching a low of 740 units in 2011. Single-family permitting declined slightly in 2014 but began to increase again in 2015 and 2016. Despite the recent increase, the level of single-family permitting remains significantly below the peak levels recorded from 2002 through 2005, when an average of 9,250 units were permitted annually. Before the national recession at the end of 2007, single-family home construction in the submarket slowed and was subsequently impacted by soft housing market conditions. From 2005 through 2011, single-family permitting in the submarket declined at an average annual rate of 34 percent to 740 homes in 2011 but increased in 2012 and 2013, as strong job growth and faster household formation spurred new construction activity. During the 12 months ending October 2017, 2,975 single-family homes were permitted in the submarket, up from 2,500 homes permitted during the previous 12-month period, a 20-percent increase (Figure 9). Projects currently under construction include the Romanesque subdivision in the city of Natomas. The subdivision is marketed as a "move-up" community with spaces for 68 homes ranging from 2,094 to 3,553 square feet in size and from $424,000 to $502,000 in price. Currently, 20 homes have been completed and sold since the project began.

During the 3-year forecast period, demand is expected for 10,900 new homes in the submarket (Table 1).

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Sacramento County Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
200,000	299,999	550	5.0
300,000	349,999	1,100	10.0
350,000	399,999	2,725	25.0
400,000	449,999	2,725	25.0
450,000	499,999	1,625	15.0
500,000	and higher	2,175	20.0

Notes: The 1,450 homes currently under construction and a portion of the estimated 11,500 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2017, to November 1, 2020.

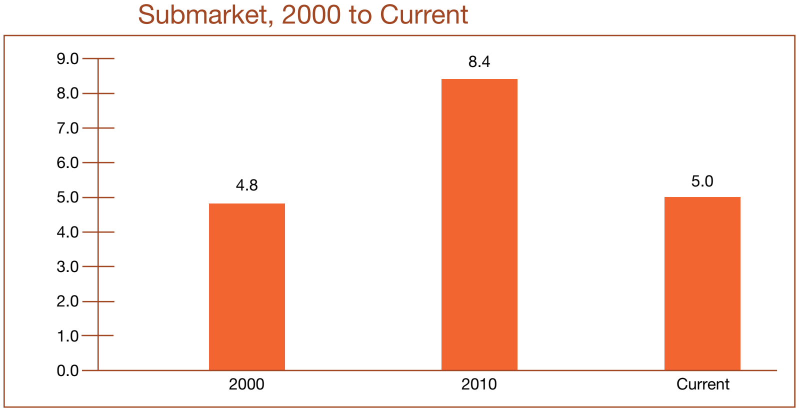
Source: Estimates by analyst

The 1,450 homes currently under construction and some of the estimated 11,500 other vacant units that might reenter the market will satisfy part of the forecast demand. Demand for housing is likely to be concentrated in locales similar to the cities of Folsom and Elk Grove, which have large subdivisions of homes. Prices for new homes currently start at $200,000. Table 4 presents detailed information on the estimated demand for new market-rate sales housing, by price range, in the submarket during the forecast period.

Rental Market—Sacramento County Submarket

Low levels of multifamily construction activity in the Sacramento County submarket since 2009 have resulted in a tightening of the rental housing market. The current estimated overall rental vacancy rate in the submarket is 5.0 percent, down from 8.4 percent in April 2010 (Figure 10). Single-family homes for rent represent 44 percent of the overall rental inventory in the submarket and have a higher vacancy than the apartment market, which is tight (2016 ACS 1-year data). The combined apartment vacancy rate for the nine MPF Research-defined market areas (hereafter, market areas) that comprise the submarket was 2.9 percent during the third quarter of 2017, up slightly from the 2.4-percent rate recorded during the third quarter of 2016. During the third quarter of 2017, the apartment vacancy rate was lowest in the Carmichael market area at 1.3 percent and highest in the North Sacramento/North Highlands and Folsom/Orangevale/Fair Oaks market areas at 4.0 percent each. The average apartment market rent in the submarket was $1,269 during the third quarter of 2017, a 7-percent increase from $1,186 during the third quarter of 2016. During the third quarter of 2017, average rents in the submarket ranged from $1,074 in the Carmichael market area to $1,552 in the Folsom/Orangevale/Fair Oaks market area. Tightening rental market conditions resulted in average rent increases in eight of the nine market areas in the submarket, ranging from 5 percent in the Natomas market area to 12 percent in the Carmichael

Figure 10. Rental Vacancy Rates in the Sacramento County Submarket, 2000 to Current



Note: The current date is November 1, 2017.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

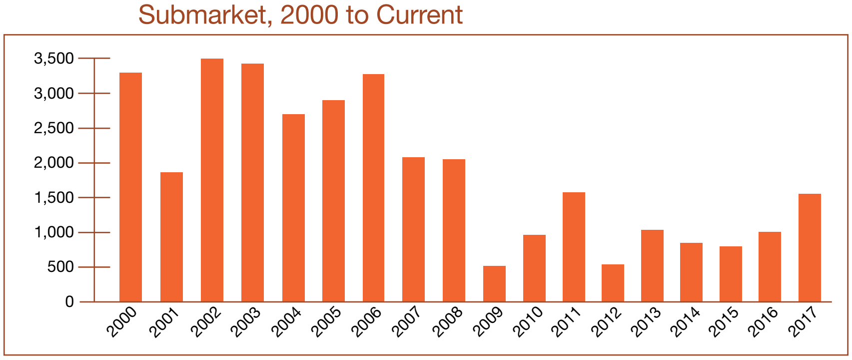
market area and 15 percent in the Arden-Arcade market area. Carmichael and Arden-Arcade have the tightest rental markets and are the most affordable market areas of the submarket. The average rent declined in the already expensive Central Sacramento market area 2 percent to $1,400.

Students at CSU Sacramento have a significant impact on the rental market in the submarket. As of the fall 2016 semester, the university enrolled 30,500 students, with an estimated 7,100 student households (approximately 3 percent of all renter households in the submarket) living in off-campus housing. The Central Sacramento market area is most affected by student renters and has the highest rents in the submarket. From the second quarter of 2012 to the second quarter of 2017, the apartment vacancy rate in the market area declined from 6.7 to 3.9 percent, while the monthly rent increased an average annual rate of 5 percent during the same period. The newest residence hall, Riverview Hall, was completed in time for the fall 2017 semester. The residence hall added 416 beds (252 beds designated for freshmen and 164 beds designated for sophomores) to the university's North Housing Village. The new residence hall is not expected to significantly impact the apartment market, as enrollment continued to increase at the university.

Multifamily construction, as measured by the number of units permitted, averaged 2,975 units in the submarket each year from 2000 through 2006 but slowed to an average of 2,050 in 2007 and 2008 and slowed further to an average of 900 units from 2009 through 2016. During the 12 months ending October 2017, 1,125 units were permitted, more than double the 530 units permitted during the previous 12-month period, as builders responded to tightening apartment market conditions (Figure 11). The 304-unit Talavera Ridge apartments in the city of Folsom are currently under construction, with preleasing expected to begin by the spring of 2019. When completed, the apartment development will offer one-bedroom units ranging in size from 700 to 800 square feet and two-bedroom units ranging from 1,100 to 1,200 square feet. Rents have not yet been determined.

During the 3-year forecast period, demand is expected for 6,800 new market-rate rental units in the submarket (Table 1). The 1,175 units currently under construction will satisfy some of that demand. Table 5 shows the estimated demand by rent level and number of bedrooms for new market-rate rental housing in the submarket during the forecast period. Rental demand is most likely to be concentrated in downtown Sacramento and Elk Grove, which have a greater number of amenities for young professionals, and in Carmichael and Arden-Arcade, where rental rates are relatively more affordable.

Figure 11. Multifamily Units Permitted in the Sacramento County Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2017.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Sacramento County Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand
990 to 1,189	520	1,150 to 1,349	350	1,500 to 1,699	100
1,190 to 1,389	1,550	1,350 to 1,549	1,425	1,700 to 1,899	480
1,390 to 1,589	260	1,550 to 1,749	1,050	1,900 or more	100
1,590 to 1,789	130	1,750 to 1,749	350		
1,790 or more	130	1,950 to 2,149	180		
		2,150 or more	180		
Total	2,575	Total	3,525	Total	680

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,175 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2017, to November 1, 2020.

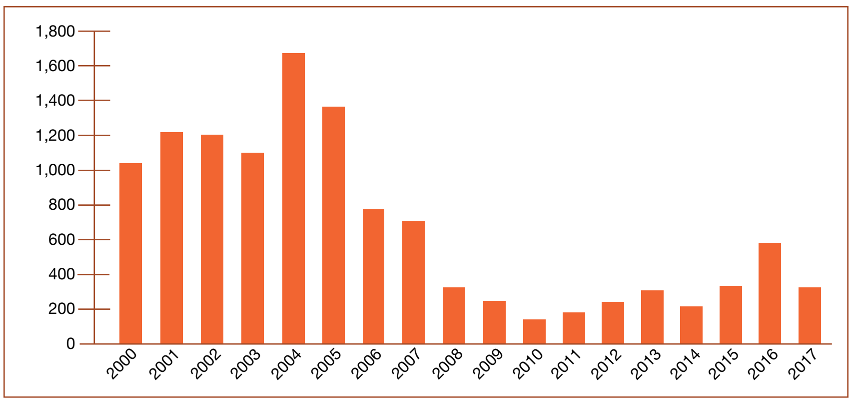
Source: Estimates by analyst

Sales Market—Yolo County Submarket

The sales housing market in the Yolo County submarket is currently balanced with an estimated vacancy rate of 1.5 percent, down from 1.9 percent in 2010 when the market was slightly soft (Table DP-3 at the end of this report). During the 12 months ending August 2017, the number of existing home sales declined 3 percent to 2,300 compared with growth of 11 percent during the 12 months ending August 2016 (CoreLogic Inc., with adjustments by the analyst). By comparison, existing home sales averaged 2,100 from 2011 through 2012, up an average of 7 percent annually. The number of REO sales declined to 50, or 2 percent of all existing home sales, during the 12 months ending August 2017 compared with REO sales of 65, or 3 percent of all existing home sales during the 12 months ending August 2016 and an average of 650, or 31 percent of all existing home sales from 2010 through 2012. During the 12 months ending August 2017, the average sales price of an existing home was $424,800, a 3-percent increase from $412,300 during the previous 12 months. The average sales price of an existing home peaked in 2007 at $425,300 but declined every year from 2008 through 2011 at an average annual rate of 7 percent, with the exception of a 1-year increase of less than 1 percent in 2010. Since 2012, the average sales price of an existing home has increased an average of 12 percent annually partly due to a 41-percent average decline in the number of REO sales annually during the same period. The average price of an REO sale was $295,300 during the 12 months ending August 2017, 68 percent less than the average of $435,100 for an existing regular resale home. As of August 2017, 0.8 percent of home loans in the submarket were seriously delinquent or had transitioned into REO status, down from 1.0 percent in August 2016 (CoreLogic, Inc.).

During the 12 months ending August 2017, new home sales totaled 520, or 220 more homes sold, a 78-percent increase compared with the number sold during the previous 12-month period. As a result of minimal single-family home construction, new home sales only accounted for 19 percent of total sales compared with an average of 29 percent of total home sales in the submarket from 2001 through 2005. As sales market conditions softened, new home sales accounted for an average of 10 percent of total sales from 2010 through 2016. The average sales price of a new home during the 12 months ending August 2017 was $545,400, a 5-percent increase from the average sales price during the previous 12-month period. The first time the average new home sales price exceeded the peak price of $530,700 in 2005 occurred recently in 2016. The average sales price for a new home declined every year from 2006 through 2011, declining an average of 10 percent to a low of $288,800 in 2011. Since 2012, the average sales price of a new home has increased an average 13 percent annually to $550,800 in 2016.

Figure 12. Single-Family Homes Permitted in the Yolo County Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Yolo County Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
350,000	399,999	85	5.0
400,000	449,999	260	15.0
450,000	499,999	430	25.0
500,000	549,999	340	20.0
550,000	599,999	170	10.0
600,000	and higher	430	25.0

Notes: The 200 homes currently under construction and a portion of the estimated 1,300 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2017, to November 1, 2020.

Source: Estimates by analyst

Single-family homebuilding, as measured by the number homes permitted, remains at low levels in this least-densely populated submarket in the Sacramento HMA. During the 12 months ending October 2017, 400 single-family homes were permitted, 160 homes fewer than the 560 homes permitted during the previous 12-month period. During the local housing boom, the number of single-family homes permitted averaged 1,275 per year from 2000 through 2005, slowing to an average of 750 in 2006 and 2007. Single-family permitting activity declined even further, 70 percent to an average of 240 per year from 2008 through 2014, as the sales housing market cooled. As conditions began to strengthen, single-family permitting increased an average of 65 percent annually from 2015 through 2016. No large market-rate, single-family home developments are currently under construction in the submarket. Figure 12 shows the number of single-family homes permitted in the HMA from 2000 to the current date.

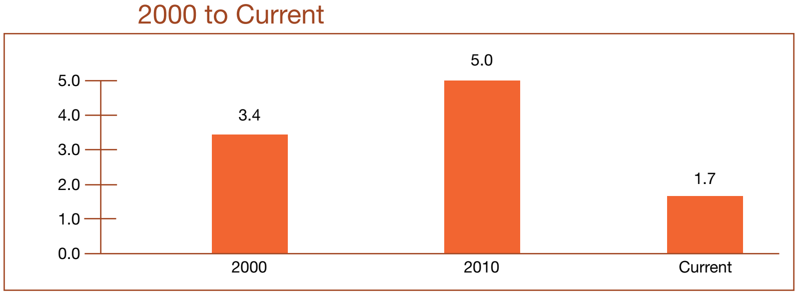
During the next 3 years, demand is expected for 1,700 new homes in the submarket (Table 1). The 200 homes currently under construction and some of the estimated 1,300 other vacant units that might reenter the market will satisfy part of the forecast demand. Prices for new homes currently start at $350,000. Demand is expected to be greatest for homes priced between $450,000 and $549,999. Table 6 presents detailed information on the estimated demand for new market-rate sales housing, by price range, in the submarket during the 3-year forecast period.

Rental Market—Yolo County Submarket

Consistently low levels of multifamily construction activity combined with significant demand from student renters at UC Davis resulted in very tight rental housing market conditions within the Yolo County submarket. The current estimated overall vacancy rate is 1.7 percent, down from 5.0 percent in April 2010 (Figure 13). Single-family homes represent 45 percent of occupied rental units in the submarket (2016 ACS 1-year data). The apartment market is even tighter, partly reflecting a preference for apartment units by student renters. The apartment vacancy rate was 1.5 percent during the third quarter of 2017, up from the 0.6-percent rate during the third quarter of 2016 (MPF Research-defined market areas that roughly represent the submarket). During the third quarter of 2017, monthly rents in the submarket averaged $1,466, a 6-percent increase from the third quarter of 2016. The Davis and Woodland/West Sacramento MPF-defined market areas encompass much of the apartment market for the entire submarket, and conditions were tight in the two market areas. During the third quarter of 2017, the apartment vacancy rates were 1.2 and 1.9 percent in the Davis and Woodland/West Sacramento market areas respectively. Rents were significantly higher in the Davis market area at $1,723 during the third quarter of 2017, a 4-percent increase from the previous year compared with average monthly rents of $1,097 in the Woodland/West Sacramento market area, up 4 percent from a year ago. Students represent a significant share of the renter households in the submarket, in particular the city of Davis, which contributes to the relatively higher rents in the Davis market area. As of the fall 2016 term, 36,400 students were enrolled at UC Davis. The university expects to add an additional 5,000 students by 2020 under the University of California's 2020 initiative, an average addition of 1,250 students, or 3 percent, annually (UC Davis). An estimated 7,600 student households (approximately 19 percent of all renter households) live off campus, with the greatest concentration of students residing near UC Davis in the city of Davis. The apartment vacancy rate for units surrounding the UC Davis campus was 0.3 percent during 2016, down from 0.6 percent during 2015 (BAE Urban Economics study for UC Davis Office of Student Housing). For units with leases, the monthly rent averaged $1,576 during 2016, a 6-percent increase from the average of $1,489 during 2015.

Despite having the tightest apartment market conditions in the Sacramento HMA and continued increased enrollment at UC Davis every year since 2006, multifamily construction activity in the submarket, as measured by the number of multifamily units permitted, remains low. During the 12 months ending October 2017, 180 multifamily units were permitted, up from 80 during the previous 12-month period. Multifamily permitting in the

Figure 13. Rental Vacancy Rates in the Yolo County Submarket, 2000 to Current

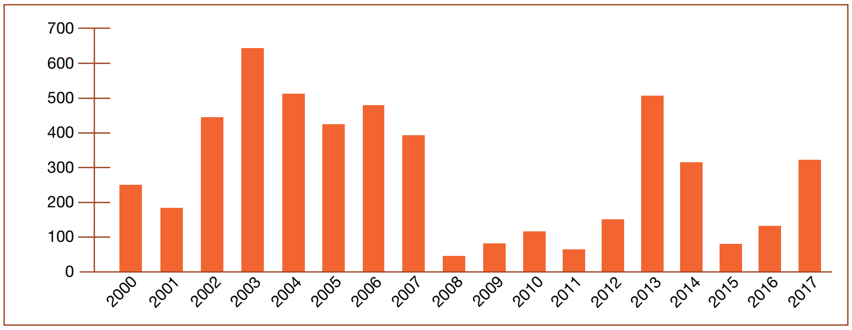


Note: The current date is November 1, 2017.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

submarket peaked from 2002 through 2007, when an average of 480 units were permitted annually but declined to an average of only 95 units per year from 2008 through 2012. During 2013, multifamily permitting spiked to 510 units, matching the level last seen in 2004 but below the previous peak of 650 units permitted in 2003 (Figure 14). An average of only 380 units was permitted each year from 2014 through 2016, with most of construction activity in the cities of Davis and Woodland. The 80-unit Beamer Cottonwood Apartments in the city of Woodland recently broke ground. The $27 million apartment development is anticipated to hold 26 one-bedroom, 30 two-bedroom, and 24 three-bedroom affordable units restricted to low- and very low-income residents. Completion timelines and rents are not yet available.

Figure 14. Multifamily Units Permitted in the Yolo County Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Yolo County Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand
950 to 1,149	420	1,250 to 1,449	470	1,500 to 1,699	25
1,150 or more	640	1,450 or more	710	1,700 to 1,899	60
				1,900 or more	35
Total	1,050	Total	1,175	Total	120

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 200 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2017, to November 1, 2020.

Source: Estimates by analyst

During the 3-year forecast period, demand is expected for 2,350 new market-rate rental units in the submarket (Table 1). The 200 apartment units currently under construction will satisfy only a very small proportion of that demand. Given the impact of the student population at UC Davis on the rental market, a significant portion of demand for new market-rate rental units will be concentrated in Davis, particularly surrounding the university. Table 7 shows the estimated demand by rent level and number of bedrooms for new market-rate rental housing in the submarket during the forecast period.

Sales Market—Eastern Submarket

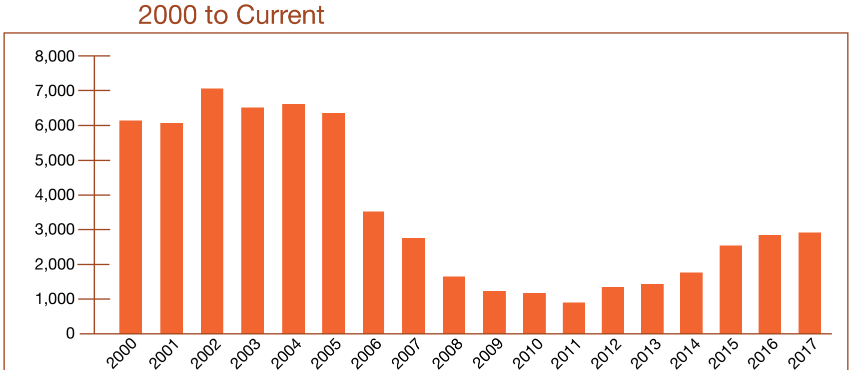
Sales housing market conditions in the Eastern submarket are slightly tight due to demand for larger single-family homes within a reasonable distance to the San Francisco Bay Area. Currently, the estimated sales vacancy rate is 1.8 percent, down from 2.4 percent in 2010 (Table DP-4 at the end of the report). The number of home sales (including single-family homes, townhomes, and condominiums) increased during the past year, continuing a trend that began in 2011, with the exception of a decline in 2014. During the 12 months ending August 2017, 15,400 new and existing homes sold, a 5-percent increase from the 14,700 sold during the previous 12-month period (CoreLogic, Inc., with adjustments by the analyst). From 2011 through 2013, an average of 12,000 homes sold annually, and sales increased an average of 12 percent per year during this period. Total sales fell 5 percent in 2014, before increasing an average of 10 percent from 2014 through 2016. By comparison, sales declined an average of 15 percent per year from 21,600 in 2004 to 9,525 in 2009.

The sales market in the submarket is partly characterized by retiree and second-home ownership around the Sierra foothills and the Lake Tahoe vicinity. As a result, average sales prices in the submarket are the highest in the Sacramento HMA. During the 12 months ending August 2017, the average sales price for new and existing homes was $482,100, 41 percent higher than the average sales price of $341,100 in the Sacramento County submarket and 8 percent higher than the average sales price of $446,300 in the Yolo County submarket. The recent average sales price reflects an increase of 5 percent from the $457,200 average during the 12 months ending August 2016 and follows a 6-percent increase during the 12 months ending August 2015. By comparison, the average sales price declined an average of 10 percent annually from 2007 through 2011, after peaking at $525,200 in 2006. From 2013 through 2016, the average sales price increased an average of 9 percent each year. As of August 2017, 0.8 percent of home loans in the submarket were seriously delinquent or had transitioned into REO status, down from 1.1 percent in August 2016 (CoreLogic, Inc.).

Single-family home construction, as measured by the number of single-family homes permitted, increased 22 percent to 3,400 homes permitted during the 12 months ending October 2017. Single-family permitting activity remains significantly below peak levels. From 2000 through 2005, an average of 6,450 homes were permitted every year but declined 51 percent to an average of 3,175 homes during 2006 and 2007. As sales market conditions worsened, single-family home construction declined even further to an average of only 1,275 homes annually from 2008 through 2011. From 2012 through 2016, single-family permitting increased every year at an average annual rate of 26 percent as a result of improving economic and sales market conditions. The Promontory subdivision in the El Dorado Hills area is currently under construction, with plans for 62 single-family homes starting in the mid-$700,000s. The luxury homes will range in size from 2,711 to 4,720 square feet. Completion timelines for the entire subdivision, which includes the two communities of The Elms and The Oaks, is not available. Figure 15 shows the number of single-family homes permitted in the submarket from 2000 to the current date.

During the next 3 years, demand is estimated for 6,525 new homes (Table 1), with prices starting at $250,000 (Table 8). Homes at the lower end of the price spectrum generally represent condominium or townhome units, which represented approximately 4 percent of all sales units in the

Figure 15. Single-Family Homes Permitted in the Eastern Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2017.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Eastern Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
250,000	399,999	650	10.0
400,000	449,999	1,300	20.0
450,000	499,999	1,625	25.0
500,000	549,999	980	15.0
550,000	599,999	650	10.0
600,000	649,999	330	5.0
650,000	and higher	980	15.0

Notes: The 1,775 homes currently under construction and a portion of the estimated 32,000 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2017, to November 1, 2020.

Source: Estimates by analyst

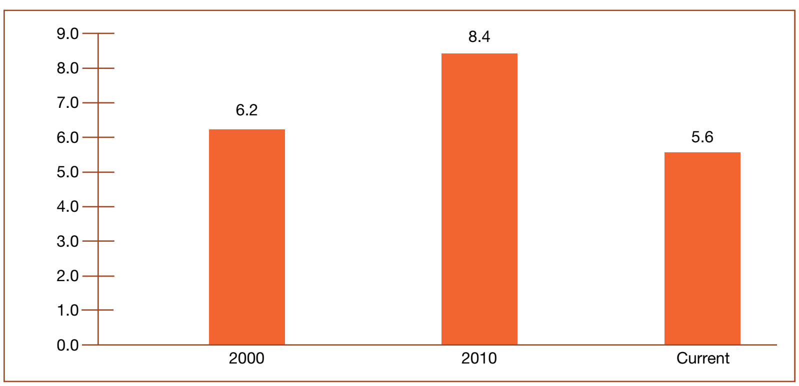
submarket in 2016 (2016 ACS 1-year data). Demand is anticipated to be greatest in the $400,000-to-$499,999 price range, and demand at the highest price ranges remains concentrated in the communities surrounding Lake Tahoe. The 1,775 homes currently under construction and a portion of the 32,000 other vacant units that may reenter the sales market will satisfy part of the forecast demand.

Rental Market—Eastern Submarket

The rental housing market in the Eastern submarket is currently slightly tight, with an overall estimated vacancy rate of 5.6 percent, down from 8.4 percent in April 2010 (Figure 16). Conditions in the apartment market are very tight. The apartment vacancy rate is different than the overall vacancy rate, because single-family homes comprise about one-half of all rental units in the submarket (2016 ACS 1-year data). Only one MPF Research-defined market area comprises the submarket—the Roseville/Rocklin market area. The apartment vacancy rate during the third quarter of 2017 was 4.4 percent, up from 4.1 percent during the third quarter of 2016 in the Roseville/Rocklin market area (MPF Research). The average market rent was $1,517, a 6-percent increase from $1,436 a year earlier.

Despite a recent increase in multifamily permitting, rental market conditions remain slightly tight, because apartment construction remained significantly below peak levels during the early 2000s. During the 12 months ending October 2017, multifamily construction, as measured by the number of multifamily units permitted, almost tripled to 800 units permitted compared with the 300 units permitted during the previous 12 months (preliminary data). By comparison, multifamily permitting in the submarket averaged 2,000 units annually from 2000 through 2002, before declining 65 percent to 780 units in 2003 and further to an average of 330 units per year from 2003 through 2013 (Figure 17).

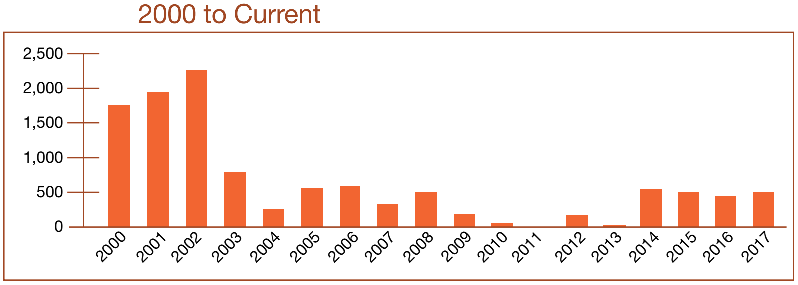
Figure 16. Rental Vacancy Rates in the Eastern Submarket, 2000 to Current



Note: The current date is November 1, 2017.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 17. Multifamily Units Permitted in the Eastern Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Although multifamily permitting remains below the peak levels reached in the early 2000s, recent construction activity is responding to tighter market conditions, and from 2014 through 2016, multifamily permitting increased an average of 127 percent annually. The Mercy Roseville Apartments in the city of Auburn is currently under construction. Construction of the 56-unit, low-income housing tax credit apartment community with 14 one-bedroom, 25 two-bedroom, and 17 three-bedroom units is expected to be complete in spring 2018. Qualifying family incomes are restricted from 30 to 60 percent or less of the Area Median Income for Placer County.

Demand is expected for 1,225 new market-rate rental units during the next 3 years (Table 1). The 600 apartment units currently under construction will satisfy more than one-half of total demand, including all of the demand in the first year of the 3-year forecast period. Table 9 shows the estimated demand by rent level and number of bedrooms for new market-rate rental housing in the submarket during the forecast period.

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Eastern Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand
1,350 to 1,549	220	1,550 to 1,749	270	1,750 to 1,949	55
1,550 or more	150	1,750 to 1,949	200	1,950 to 2,149	55
		1,950 or more	200	2,150 to 2,349	55
				2,350 or more	20
Total	370	Total	670	Total	180

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 600 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2017, to November 1, 2020.

Source: Estimates by analyst

Data Profiles

Table DP-1. Sacramento HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	870,966	920,064	1,023,000	0.5	1.6
Unemployment rate	4.3%	12.4%	4.8%		
Nonfarm payroll jobs	804,200	831,400	963,100	0.3	2.2
Total population	1,796,857	2,149,127	2,321,000	1.8	1.0
Total households	665,298	787,667	833,400	1.7	0.7
Owner households	407,716	478,512	487,600	1.6	0.2
Percent owner	61.3%	60.8%	58.5%		
Renter households	257,582	309,155	345,800	1.8	1.5
Percent renter	38.7%	39.2%	41.5%		
Total housing units	714,981	871,793	902,100	2.0	0.5
Owner vacancy rate	1.3%	2.4%	1.3%		
Rental vacancy rate	4.9%	8.0%	4.8%		
Median Family Income	$53,795	$72,800	$76,100	3.1	0.6

** Sacramento--Roseville--Arden-Arcade HMA.*

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through October 2017. Median Family Incomes are for 1999, 2009, and 2016. The current date is November 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Sacramento County Submarket Data Profile, 2000 to Current

				Average Annual Change (%)	
	2000	2010	Current	2000 to 2010	2010 to Current
Total population	1,223,499	1,418,788	1,529,000	1.5	1.0
Total households	453,602	513,945	538,600	1.3	0.6
Owner households	263,819	295,482	297,300	1.1	0.1
Percent owner	58.2	57.5	55.2		
Renter households	189,783	218,463	241,300	1.4	1.3
Percent renter	41.8	42.5	44.8		
Total housing units	474,814	555,932	566,700	1.6	0.3
Owner vacancy rate	1.4	2.5	1.3		
Rental vacancy rate	4.8	8.4	5.0		

Notes: Numbers may not add to totals because of rounding. The current date is November 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Yolo County Submarket Data Profile, 2000 to Current

				Average Annual Change (%)	
	2000	2010	Current	2000 to 2010	2010 to Current
Total population	168,660	200,849	223,100	1.8	1.4
Total households	59,375	70,872	76,300	1.8	1.0
Owner households	31,506	37,416	36,850	1.7	– 0.2
Percent owner	53.1%	52.8%	48.3%		
Renter households	27,869	33,456	39,450	1.8	2.2
Percent renter	46.9%	47.2%	51.7%		
Total housing units	61,587	75,054	78,850	2.0	0.7
Owner vacancy rate	0.9%	1.9%	1.5%		
Rental vacancy rate	3.4%	5.0%	1.7%		

Notes: Numbers may not add to totals because of rounding. The current date is November 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-4. Eastern Submarket Data Profile, 2000 to Current

				Average Annual Change (%)	
	2000	2010	Current	2000 to 2010	2010 to Current
Total population	404,698	529,490	569,500	2.7	1.0
Total households	152,321	202,850	218,550	2.9	1.0
Owner households	112,391	145,614	153,500	2.6	0.7
Percent owner	73.8	71.8	70.2		
Renter households	39,930	57,236	65,050	3.7	1.7
Percent renter	26.2	28.2	29.8		
Total housing units	178,580	240,807	256,600	3.0	0.8
Owner vacancy rate	1.2	2.4	1.4		
Rental vacancy rate	6.2	8.4	5.6		

Notes: Numbers may not add to totals because of rounding. The current date is November 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 11/1/2017—Estimates by the analyst
Forecast period: 11/1/2017–11/1/2020—
Estimates by the analyst

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_Sacramento_Roseville_ArdenArcadeCA_18.pdf.

Contact Information

Elaine Ng, Economist
San Francisco HUD Regional Office
415–489–6777
elaine.ng@hud.gov

This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.